



May 9, 2008

## State launches financing for ESOPs

\$50M program can help Hoosiers buy their employers

*Star report*

Workers interested in taking over ownership of their companies can turn to a new state program for funding.

Indiana State Treasurer Richard Mourdock on Tuesday announced a \$50 million program to help workers set up employee stock ownership programs.

ESOPs can help preserve businesses and jobs when a company goes up for sale -- such as when a founder retires or owners want to cash out.

Around the U.S., more than 10,000 companies have ESOPs in place, covering nearly 8 million employees. In Indiana, more than 200 companies have ESOPs, including two based in Indianapolis: accounting firm Katz, Sapper & Miller and Herff Jones, a maker of awards.

Under the state plan, workers can get loans from participating banks to set up ESOPs. The state doesn't guarantee the loans, but encourages banks to participate by buying certificates of deposit at reduced interest rates. In turn, the banks provide loans at reduced rates to Indiana businesses that are setting up ESOP programs.

The initial rates that financial institutions will be charging Indiana businesses through the program will be 4.25 percent.

ESOP programs are employee-benefit programs that allow workers to own shares of their company. A goal is to help workers feel motivated to help the company succeed, thus increasing the value of their shares.

Many ESOP companies have track records of creating wealth, encouraging entrepreneurial spirit and increasing productivity, Mourdock said.

For more information, visit [www.state.in.us/tos/2771.htm](http://www.state.in.us/tos/2771.htm).

---